GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5276
ANSWERED ON:22.12.2000
NON-PAYMENT OF INVESTORS MONEY
M. JAGANNATH

Will the Minister of FINANCE be pleased to state:

(a) whether complaints have been received regarding non-payment of investors` money by M/s. Mahakaushal Plantation Limited M/s. Okara Agro Industries Limited and Perutek Services Limited; and

(b) if so, the action taken by SEBI in this regard?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) Yes, Sir.

(b) Under the SEBI (Collective Investment Schemes) Regulations, 1999 which were notified in October 1999, no existing CIS entity can launch any new scheme or raise money from investors even under existing schemes, unless a certificate of registration is granted to it by SEBI. The three companies mentioned above have not submittedany application for registration with SEBI. SEBI has sent individual letters to all CIS entities, including the above, which had failedto file applications for registration with SEBI, advising them to wind up their schemes to repay their investors. Since these companies failed to do so, notices were issued to them to show cause as to why action should not be initiated against them for failing to take steps for winding up of the schemes to repay their investors as they had failed to make an application for registration with SEBI.

SEBI has recommended initiation of liquidation proceedings against 605 CIS entities including these 3 companies for their failure to repay investors.

SEBI has filed public interest litigation against, inter alia, M/s. Okara Agro Industries Ltd. The company has filed a petition in the Delhi High Court seeking permission to sell its assets to repay investors.